

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7007

BILL NUMBER: HB 1438

NOTE PREPARED: Feb 6, 2003

BILL AMENDED: Jan 29, 2003

SUBJECT: Pharmacy Matters.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR: Sen. Dillon

BILL STATUS: As Passed - House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill establishes the Pharmacy Law Enforcement Account to provide funding for the enforcement of pharmacy laws, the rehabilitation of impaired pharmacists, and the education of pharmacists and the public regarding pharmacy laws. It changes pharmacist intern and extern registration renewal time frames. The bill specifies allocation of pharmacist licensure fees. It removes the expiration provision that allows pharmacists to refill prescriptions in emergencies. The bill also removes the responsibility of the State Police Department for the Controlled Substance Prescription Monitoring Program and assigns those responsibilities to the Controlled Substances Advisory Committee and the Health Professions Bureau.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The Controlled Substances Advisory Committee currently funds the administration of the Controlled Substances Prescription Monitoring Program. Removing the State Police Department's responsibility and shifting it to the Advisory Committee would have no fiscal impact on either entity.

Explanation of State Revenues: (Revised) This bill establishes the Pharmacy Law Enforcement Account, which is to be administered by the Health Profession Bureau. Fines that are collected by the Pharmacy Board are to be deposited in the account, and the money is to be annually appropriated to the HPB. Money in the Account does not revert to the General Fund at the end of the fiscal year. Although the revenue would no longer be deposited in the General Fund, the expenses the Account will pay for are also being removed from the General Fund.

This bill decreases the length of time a pharmacist intern or extern registration is valid from six years to one year. It also provides for the registration to be renewed by the Board for an additional year until an expiration date set by the HPB. Assuming the \$10 fee does not change and the registration may be renewed for five additional years, the Board would receive a total of \$60 per registration in fee revenue over six years. According to the HPB, there are 2,092 registered pharmacist intern/externs as of October, 2002. If each of these interns/externs renew their registrations every year for the next five years, an additional \$104,600 in fee revenue would be generated (or \$20,920 would be generated annually). This money would be deposited in the state's General Fund.

This bill also specifies that 16% of the controlled substances registration fees are to be deposited in the Controlled Substances Data Fund. The Fund provides for the operation of the Central Repository for Controlled Substances. A controlled substances registration, and renewal, for practitioners costs \$60. The registration fee for distributors, manufacturers, and for dispense, research, instruction, and chemical analysis, cost \$100. The HPB reports approximate 375 total controlled substances registrations. Sixteen percent of the revenue generated from these registrations is approximately \$3,700. If the number of registrations remains the same, this amount would be redirected from the General Fund to the Controlled Substances Data Fund.

Under currently law, pharmacists may refill a prescription for any drug in an emergency if the pharmacist follows the procedure set in statute. The penalty for violating this procedure is a Class A infraction. This law is set to expire June 30, 2003, however, this bill removes the expiration provision. If the penalty does not expire it could have the following fiscal impact. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class A infraction is \$10,000 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

If the penalty was left to expire, the threat of possible charges against the pharmacists would be eliminated for such a violation and the state would avoid potential costs.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Health Professions Bureau; State Police Department.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Matt Hopper, Health Professions Bureau, (317) 234-1985.

Fiscal Analyst: Valerie Ruda, 317-232-9867